

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Financial Report

Year Ended June 30, 2012

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C. Burton Kolder, CPA*
 Russell F. Champagne, CPA*
 Victor R. Slaven, CPA*
 P. Troy Courville, CPA*
 Gerald A. Thibodeaux, Jr., CPA*
 Robert S. Carter, CPA*
 Arthur R. Mixon, CPA*

Penny Angelle Scruggins, CPA
 Christine L. Cousin, CPA
 Wanda F. Arcement, CPA, CVA
 Allen J. LaBry, CPA
 Albert R. Leger, CPA, PFS, CSA*
 Marshall W. Guidry, CPA
 Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®
 James R. Roy, CPA
 Robert J. Metz, CPA
 Alan M. Taylor, CPA
 Kelly M. Doucet, CPA
 Cheryl L. Bartley, CPA
 Mandy B. Self, CPA
 Paul L. Delcambre, Jr., CPA
 Kristin B. Dauzat, CPA
 Matthew E. Margaglio, CPA
 Jane R. Hebert, CPA
 Bryan K. Joubert, CPA
 Stephen J. Anderson, CPA

Retired:
 Conrad O. Chapman, CPA* 2006
 Tynes E. Mixon, Jr., CPA 2011

* A Professional Accounting Corporation

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

183 South Beadle Rd.
 Lafayette, LA 70508
 Phone (337) 232-4141
 Fax (337) 232-8660

450 East Main Street
 New Iberia, LA 70560
 Phone (337) 367-9204
 Fax (337) 367-9208

113 East Bridge St.
 Breaux Bridge, LA 70517
 Phone (337) 332-4020
 Fax (337) 332-2867

200 South Main Street
 Abbeville, LA 70510
 Phone (337) 893-7944
 Fax (337) 893-7946

1234 David Dr. Ste 203
 Morgan City, LA 70380
 Phone (985) 384-2020
 Fax (985) 384-3020

1013 Main Street
 Franklin, LA 70538
 Phone (337) 828-0272
 Fax (337) 828-0290

408 West Cotton Street
 Ville Platte, LA 70586
 Phone (337) 363-2792
 Fax (337) 363-3049

133 East Waddell St.
 Marksville, LA 71351
 Phone (318) 253-9252
 Fax (318) 253-8681

332 West Sixth Avenue
 Oberlin, LA 70655
 Phone (337) 639-4737
 Fax (337) 639-4568

621 Main Street
 Pineville, LA 71360
 Phone (318) 442-4421
 Fax (318) 442-9833

WEB SITE
WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Michael Couvillion
 Vermilion Parish Sheriff
 Abbeville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information, of the Vermilion Parish Sheriff (the Sheriff), as of and for the year ended June 30, 2012, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sheriff's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information, of the Sheriff as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2012 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that other required supplementary information on pages 37 through 40 be presented to supplement the basic

financial statements. Such information, although, not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Sheriff has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sheriff's financial statements as a whole. The other supplementary information on pages 43 through 46 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
November 30, 2012

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 9,460,399	\$ 271,482	\$ 9,731,881
Interest-bearing deposits	1,152,671	-	1,152,671
Receivables	1,233,220	12,341	1,245,561
Interfund balances	7,755	(7,755)	-
Restricted assets:			
Inmate cash	-	24,363	24,363
Total current assets	11,854,045	300,431	12,154,476
Noncurrent assets:			
Capital assets, net	1,740,476	115,943	1,856,419
Total assets	13,594,521	416,374	14,010,895
LIABILITIES			
Current liabilities:			
Accounts payable	125,791	-	125,791
Other accrued liabilities	17,224	-	17,224
Due to other taxing bodies	78,176	-	78,176
Payable from restricted assets:			
Inmate deposits	-	24,363	24,363
Total current liabilities	221,191	24,363	245,554
Noncurrent liabilities:			
Due in more than one year	1,193,546	-	1,193,546
Total liabilities	1,414,737	24,363	1,439,100
NET ASSETS			
Invested in capital assets	1,740,476	115,943	1,856,419
Unrestricted	10,439,308	276,068	10,715,376
Total net assets	\$ 12,179,784	\$ 392,011	\$ 12,571,795

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Activities
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue And Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activity:						
Public safety:						
Law enforcement	\$10,861,015	\$1,519,705	\$908,602	\$ (8,432,708)	\$ -	\$ (8,432,708)
Business-type activity:						
Commissary	71,974	90,878	-	-	18,904	18,904
Total	<u>\$10,932,989</u>	<u>\$1,610,583</u>	<u>\$908,602</u>	<u>(8,432,708)</u>	<u>18,904</u>	<u>(8,413,804)</u>
Taxes:						
Property taxes, levied for general purposes				2,805,308	-	2,805,308
Sales taxes, levied for general purposes				5,637,149	-	5,637,149
Interest and investment earnings				20,810	400	21,210
Loss on disposal of assets				(25,453)	-	(25,453)
Acquisition of seized asset				30,150	-	30,150
Miscellaneous				305,247	777	306,024
Transfers				(60,337)	60,337	-
Total general revenues				<u>8,712,874</u>	<u>61,514</u>	<u>8,774,388</u>
Change in net assets				280,166	80,418	360,584
Net assets - July 01, 2011				11,899,618	311,593	12,211,211
Net assets - June 30, 2012				<u>\$12,179,784</u>	<u>\$392,011</u>	<u>\$12,571,795</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTION

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Balance Sheet
Governmental Fund
June 30, 2012

	General Fund
<hr/>	
ASSETS	
Cash	\$ 9,460,399
Interest-bearing deposits	1,152,671
Receivables	1,233,220
Due from other funds	<u>7,755</u>
Total assets	<u>\$11,854,045</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 125,791
Other accrued liabilities	17,224
Due to other taxing bodies	<u>78,176</u>
Total liabilities	221,191
Fund balance:	
Unassigned	<u>11,632,854</u>
Total liabilities and fund balance	<u>\$11,854,045</u>

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
June 30, 2012

Total fund balance for governmental fund at June 30, 2012		\$ 11,632,854
Cost of capital assets at June 30, 2012	\$ 6,660,396	
Less: Accumulated depreciation	<u>(4,919,920)</u>	
Capital assets, net		1,740,476
Long-term liabilities at June 30, 2012:		
Net OPEB obligation payable		<u>(1,193,546)</u>
Net assets at June 30, 2012		<u>\$ 12,179,784</u>

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
Year Ended June 30, 2012

	General Fund
Revenues:	
Ad valorem taxes	\$ 2,805,308
Intergovernmental revenues -	
Sales tax	5,637,149
State grants - state revenue sharing (net)	215,149
State supplemental pay	567,363
Law enforcement grant	126,090
Fees, charges, and commissions for services -	
Commissions on licenses, taxes, etc.	63,864
Fines and forfeitures	82,629
Civil and criminal fees	419,991
Court costs and attendance	182,806
Feeding, keeping, and transporting prisoners	770,415
Other	303,821
Interest income	20,810
Total revenues	<u>11,195,395</u>
Expenditures:	
Current -	
Public safety:	
Personal services and related benefits	6,137,613
Operating services	1,671,244
Operations and maintenance	1,843,483
Capital outlay	207,710
Total expenditures	<u>9,860,050</u>
Excess of revenues over expenditures	<u>1,335,345</u>
Other financing sources(uses):	
Sale of equipment	12,626
Acquisition of seized asset	30,150
Transfers out	<u>(60,337)</u>
Total other financing sources	<u>(17,561)</u>
Net change in fund balance	1,317,784
Fund balance, beginning	<u>10,315,070</u>
Fund balance, ending	<u>\$11,632,854</u>

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2012

Total net change in fund balance for the year ended June 30, 2012 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 1,317,784
Add: Capital outlay costs which are considered expenditures on Statement of Revenues, Expenditures, and Changes in Fund Balance	207,710
Less: Depreciation expense for year ended June 30, 2012	(730,910)
Less: Proceeds from sale of assets	(11,201)
Less: Loss on disposal of assets	(25,453)
Less: Increase in OPEB obligation at June 30, 2012	<u>(477,764)</u>
Total changes in net assets for the year ended June 30, 2012 per Statement of Activities	<u>\$ 280,166</u>

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Net Assets
Proprietary Fund
June 30, 2012

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash	\$ 271,482
Other receivables	12,341
Restricted assets:	
Inmate cash	<u>24,363</u>
Total current assets	308,186
Capital assets, net of accumulated depreciation	<u>115,943</u>
Total assets	<u>424,129</u>
LIABILITIES	
Current liabilities:	
Due to other funds	7,755
Payable from restricted assets:	
Inmate deposits	<u>24,363</u>
Total current liabilities	<u>32,118</u>
NET ASSETS	
Invested in capital assets	115,943
Unrestricted	<u>276,068</u>
Total net assets	<u>\$ 392,011</u>

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2012

	Enterprise Fund
Operating revenues:	
Commissary	<u>\$ 90,878</u>
Operating expenses:	
Depreciation	21,908
Other expenses	<u>50,066</u>
Total operating expenses	<u>71,974</u>
Operating income	18,904
Non-operating revenues:	
Interest income	400
Other income	<u>777</u>
Total non-operating revenues	<u>1,177</u>
Income before transfers	20,081
Other financing sources:	
Transfer in	<u>60,337</u>
Change in net assets	80,418
Net assets, beginning	<u>311,593</u>
Net assets, ending	<u>\$ 392,011</u>

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2012

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 96,405
Payments to suppliers	<u>(50,066)</u>
Net cash provided by operating activities	<u>46,339</u>
Cash flows from noncapital financing activities:	
Other income	777
Payable to other funds	2,676
Operating transfers from other funds	<u>60,337</u>
Net cash provided by noncapital financing activities	<u>63,790</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(5,896)</u>
Cash flows from investing activities:	
Interest on investments	<u>400</u>
Net increase in cash and cash equivalents	104,633
Cash and cash equivalents, beginning of period	<u>191,212</u>
Cash and cash equivalents, end of period	<u>\$ 295,845</u>

(continued)

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Cash Flows
Proprietary Fund (continued)
Year Ended June 30, 2012

	<u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 18,904
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	21,908
Changes in assets and liabilities:	
Increase in other receivables	(4,788)
Increase in due to inmates	<u>10,315</u>
Net cash provided by operating activities	<u>\$ 46,339</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash- unrestricted	\$ 177,164
Cash-restricted	<u>14,048</u>
Total cash and cash equivalents	<u>191,212</u>
Cash and cash equivalents, end of period -	
Cash- unrestricted	271,482
Cash-restricted	<u>24,363</u>
Total cash and cash equivalents	<u>295,845</u>
Net decrease	<u>\$ 104,633</u>

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Fiduciary Funds
Statement of Fiduciary Net Assets and Liabilities
June 30, 2012

ASSETS

Assets:

Cash	\$ 293,567
Interest-bearing deposits	<u>1,270,981</u>
Total assets	<u>\$1,564,548</u>

LIABILITIES

Liabilities:

Due to others	<u>\$1,564,548</u>
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The accompanying notes are an integral part of the basic financial statements.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, and fines, costs, and bond forfeitures imposed by the district court.

The accounts of the tax collector are established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others.

The accounting and reporting policies of the Vermilion Parish Sheriff conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Reporting Entity

For financial reporting purposes, the Sheriff includes all funds, account groups, activities, et cetera, that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish police jury as required by Louisiana law, the Sheriff is financially independent.

Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of the local government, over which the Sheriff exercises no oversight responsibility, such as the parish council, parish school board, other independently elected officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units are considered separate reporting entities and issue financial statements separate from those of the parish Sheriff.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

The accompanying basic financial statements of the Vermilion Parish Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities displays information about the reporting government as a whole. They include all funds of the reporting entity except the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenue. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Sheriff and for each function of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into three categories: governmental, proprietary and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds and are at least 5 percent of the corresponding total for all governmental and enterprise funds combined. The governmental fund of the Sheriff is considered to be a major fund. The funds of the Sheriff are described below:

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

Governmental Fund –

General Fund – This fund is the primary operating fund of the Sheriff and it accounts for the operations of the Sheriff's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Sheriff policy.

Proprietary Fund –

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of the net income, financial position, and cash flows. The following is the Sheriff's proprietary fund type:

Enterprise Fund -

The Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to inmates on a continuing basis be financed or recovered primarily through charges; or (b) where the governing body has decided that periodic determination of revenues earned expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Sheriff applies all applicable FASB Accounting Standards Codification pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund. The Sheriff's enterprise fund is the Commissary fund.

Fiduciary Funds -

Fiduciary fund reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

C. Measurement Focus/Basis of Accounting

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Sheriff operations.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources as they are needed. The governmental fund uses the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 1 of each year, and become delinquent on January 1 of the subsequent year. The taxes are generally collected in December, January, and February of the fiscal year.

Intergovernmental revenues and fees, charges and commissions for services are recorded when the Sheriff is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The Sheriff's primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Sheriff.

D. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits. They are stated at cost, which approximates market. See Note (2) for other GASB No. 3 disclosures.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

E. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Sheriff's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 or fewer days, they are classified as cash equivalents.

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Sheriff as an extension of formal budgetary integration in the funds.

H. Bad Debts

Uncollectible amounts due for accounts receivable are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivables. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality at June 30, 2012.

I. Capital Assets

Capital assets, which include buildings, furniture, fixtures, equipment, and vehicles, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Computer equipment	3
Vehicles	5
Office furniture	5-10
Equipment	5-10

In the fund financial statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

J. Annual and Sick Leave

All full-time employees of the Sheriff's earn from 10 to 15 days of annual leave, depending on their length of service. Full-time employees earn 8 hours sick leave per month actually worked. Sick leave accumulates from year to year, no monetary compensation is allowed at termination. The maximum days of sick leave an employee can accumulate are 31.25 days (250 hours). At June 30, 2012, the Sheriff has no accumulated and vested benefits relating to annual and sick leave, which requires accrual or disclosure to conform with generally accepted accounting principles.

K. Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund statements, governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Fund balances of the governmental funds are classified as follows:

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

Nonspendable – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Sheriff is the highest level of decision-making authority for the Vermilion Parish Sheriff's Office.

Assigned – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Under the Vermilion Parish Sheriff Office's adopted policy, only the Sheriff may assign amounts for specific purposes.

Unassigned – amounts that are available for any purpose; these amounts can be reported only in the Sheriff's General Fund.

As of June 30, 2012, fund balances are composed of the following:

	General Fund
Unassigned	\$11,632,854

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Sheriff considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Sheriff considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Sheriff has provided otherwise in its commitment or assignment actions.

L. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2012, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$12,473,463, as follows:

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash	\$ 9,756,244	\$ 293,567	\$ 10,049,811
Interest-bearing deposits	<u>1,152,671</u>	<u>1,270,981</u>	<u>2,423,652</u>
Total	<u>\$ 10,908,915</u>	<u>\$ 1,564,548</u>	<u>\$ 12,473,463</u>

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that in the event of the failure, the Sheriff's deposits may not be recovered. The Sheriff's policy, by state law, is that all deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2012, are secured as follows:

Bank balances	<u>\$ 12,602,951</u>
At June 30, 2012 the deposits are secured as follows:	
Insured	500,000
Uninsured and collateral held by the pledging bank not in the Sheriff's name	<u>12,102,951</u>
Total	<u>\$ 12,602,951</u>

(3) Ad Valorem Taxes

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

property as of January 1 of each year. Taxes are levied on January 1 on property assessed on that date and are actually billed to taxpayers by the Sheriff in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Vermilion Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's compensation and pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2012, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 9.08 mills on property with net assessed valuations totaling \$310,522,580.

Total law enforcement taxes levied during 2012 were \$2,819,543.

(4) Receivables

Receivables on the government-wide statement of net assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Sales tax receivable	\$ 1,078,280	\$ -	\$ 1,078,280
Other receivables	154,940	12,341	167,281
Total	<u>\$ 1,233,220</u>	<u>\$ 12,341</u>	<u>\$ 1,245,561</u>

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance 06/30/11	Additions	Deletions	Balance 06/30/12
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 27,476	\$ -	\$ 27,476	\$ -
Other capital assets:				
Buildings and improvements	258,977	-	-	258,977
Jail addition	645,167	-	-	645,167
Equipment and vehicles	<u>5,618,967</u>	<u>207,710</u>	<u>70,425</u>	<u>5,756,252</u>
Totals	<u>6,550,587</u>	<u>207,710</u>	<u>97,901</u>	<u>6,660,396</u>
Less accumulated depreciation				
Buildings and improvements	158,261	9,130	-	167,391
Jail addition	229,647	27,926	-	257,573
Equipment and vehicles	<u>3,862,349</u>	<u>693,854</u>	<u>61,247</u>	<u>4,494,956</u>
Total accumulated depreciation	<u>4,250,257</u>	<u>730,910</u>	<u>61,247</u>	<u>4,919,920</u>
Governmental activities, capital assets, net	<u>\$2,300,330</u>	<u>\$ (523,200)</u>	<u>\$ (36,654)</u>	<u>\$1,740,476</u>
Business-type activity:				
Capital assets being depreciated:				
Buildings	\$ 191,409	\$ -	\$ -	\$ 191,409
Equipment	<u>156,440</u>	<u>5,895</u>	<u>-</u>	<u>162,335</u>
Totals	<u>347,849</u>	<u>5,895</u>	<u>-</u>	<u>353,744</u>
Less accumulated depreciation				
Buildings	137,391	11,187	-	148,578
Equipment	<u>78,502</u>	<u>10,721</u>	<u>-</u>	<u>89,223</u>
Total accumulated depreciation	<u>215,893</u>	<u>21,908</u>	<u>-</u>	<u>237,801</u>
Business-type activity, capital assets, net	<u>\$ 131,956</u>	<u>\$ (16,013)</u>	<u>\$ -</u>	<u>\$ 115,943</u>

Depreciation expense was charged to the law enforcement governmental activity and to the commissary business-type activity in the amount of \$730,910 and \$21,908, respectively.

(6) Pension Plan

Substantially all employees of the Vermilion Parish Sheriff's office are members of the Louisiana Sheriff's Pension and Relief Fund (retirement system).

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

Plan Description - The Vermilion Parish Sheriff contributes to the retirement system, a cost-sharing, multiple-employer defined benefit plan administered by the Sheriff's Pension and Relief Fund, a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability, and survivor benefits to Sheriff and deputy Sheriff members throughout the State of Louisiana.

The retirement system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, P.O. Box 3163, Monroe, Louisiana 71210-3136, or by calling (337) 362-3191.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Vermilion Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 12% of annual covered payroll. During the year ended June 30, 2010 the Sheriff began contributing 3% of the plan members required contributions. The contribution requirements of plan members and the Vermilion Parish Sheriff are established and may be amended by the Sheriffs' Pension and Relief Fund. The Vermilion Parish Sheriff's contributions to the Retirement System for the years ended June 30, 2012, 2011 and 2010 were \$707,551, \$684,135 and \$554,494, respectively.

(7) Changes in Agency Fund Balances

A summary of changes in agency fund balances due to taxing bodies and others and due to prisoners follows:

	Civil Fund	Tax Collector Fund	Bond Fund	Total
Balances, June 30, 2011	\$ 71,857	\$ 1,175,542	\$ 163,978	\$ 1,411,377
Additions	1,245,519	31,339,385	999,955	33,584,859
Reductions	(1,257,902)	(31,184,658)	(989,128)	(33,431,688)
Balances, June 30, 2012	\$ 59,474	\$ 1,330,269	\$ 174,805	\$ 1,564,548

(8) Taxes Paid Under Protest

The unsettled balances due to taxing bodies and others in the tax collector fund at June 30, 2012, includes \$1,270,981 of taxes paid under protest plus interest earned to date on the investment of these funds. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

(9) Litigation and Claims

At June 30, 2012, there is no pending litigation against the Vermilion Parish Sheriff.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

(10) Post-Retirement Health Care and Life Insurance Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2010, the Sheriff recognizes the cost of postemployment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Sheriff's future cash flows. Because the Sheriff is adopting the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

Plan Description: The Vermilion Parish Sheriff's Office's medical/dental and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical coverage for the retiree (not dependents). Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 15 years of service.

Life insurance coverage is continued to retirees by election and the blended rate for active employees and retirees is \$0.348 per \$1,000 of insurance. The employer pays for life insurance of \$10,000 after retirement for retirees and the retirees may elect to continue insurance amounts above \$10,000 after retirement. However, the rates for both are based on the blended active/retired rate and there is thus an implied subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Based on past experience, we have assumed that 75% of retirees continue the higher insurance amounts into retirement. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates: Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy: Until 2009, the Vermilion Parish Sheriff recognized the cost of providing post-employment medical and life insurance benefits (the Vermilion Parish Sheriff's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2012, the Vermilion Parish Sheriff's portion of health care and life insurance funding cost for retired employees totaled \$196,682.

Effective July 1, 2009, the Vermilion Parish Sheriff implemented Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution: The Vermilion Parish Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

Normal Cost	\$ 293,049
30-year UAAL amortization amount	<u>394,160</u>
Annual required contribution (ARC)	<u>\$ 687,209</u>

Net Post-employment Benefit Obligation (Asset): The table below shows Vermilion Parish Sheriff's Office's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2012:

Annual required contribution	\$ 687,209
Interest on net OPEB obligation	28,631
Adjustment to annual required contribution	<u>(41,394)</u>
Annual OPEB cost (expense)	674,446
Current year retiree premium	<u>(196,682)</u>
Increase in net OPEB obligation	477,764
Net OPEB obligation - beginning of year	<u>715,782</u>
Net OPEB obligation - end of year	<u>\$ 1,193,546</u>

The following table shows the Vermilion Parish Sheriff's Office's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/12	\$ 674,447	29.2%	\$ 1,193,546
06/30/11	\$ 509,592	28.4%	\$ 715,782
06/30/10	\$ 496,012	29.2%	\$ 351,101

Funded Status and Funding Progress: In 2012 the Vermilion Parish Sheriff made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2011 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2012 was \$6,815,793 which is defined as that portion, as determined by a particular actuarial cost method (the Vermilion Parish Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

Actuarial accrued liability (AAL)	\$ 6,815,793
Actuarial valuation of plan assets (AVP)	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 6,815,793</u>
Funded ratio (AVP/AAL)	0%
Covered payroll (active plan members)	\$ 5,254,196
UAAL as a percentage of covered payroll	129.72%

Actuarial Methods and Assumptions: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Vermilion Parish Sheriff's Office and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Vermilion Parish Sheriff's Office and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Vermilion Parish Sheriff's Office and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method: The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets: There are no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate: An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 12%.

Post employment Benefit Plan Eligibility Requirements: We have assumed that employees retire four years after the earliest eligibility to retire. Medical benefits are provided to employees upon actual retirement. Employees have been assumed to be covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions as follows: age 55 and 15 years of service. Entitlement to benefits continue through Medicare to death.

VERMILLION PARISH SHERIFF
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Notes to Basic Financial Statements (Continued)

Investment Return Assumption (Discount Rate): GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate: The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate: The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits: The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical and dental benefits for the retiree only (not dependents). The medical rates provided are "blended" rates for active and retired prior to Medicare eligibility. We have therefore estimated the "unblended" rates as required by GASB 45 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility. Unblended rates were provided and used for retirees after Medicare eligibility.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

(11) Risk Management

The Sheriff is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering automobile liability, medical payments, uninsured motorist, and collision; surety bond coverage; and marine liability. In addition to the above policies, the Sheriff maintains a public official's liability policy and a law enforcement policy. No claims were paid, which exceeded the policies' coverage amount, on any of the policies during the past three years.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

(12) Ex-officio Tax Collector

The amount of cash on hand in the tax collector account at June 30, 2012 consists of the following:

Payments received in June and disbursed in July were for:

Federal revenue sharing	\$ 247	
Occupational licenses	30,360	
Ad Valorem taxes	<u>42,965</u>	\$ 73,572
Protest taxes		<u>1,270,981</u>
Total		<u>\$1,344,553</u>

The amount of taxes collected for the year ended June 30, 2012 by the taxing authority is as follows:

Abbeville Harbor & Terminal	\$ 429,522
Abbeville Hospital	1,062
Abrom Kaplan Memorial Hospital	553,278
Assessment District	790,266
Consolidated Gravity #2	245,230
Consolidated Gravity Drainage District #1	483,993
Coulee Baton	79,317
Coulee Des Jonc Drainage District	271,187
Coulee Kinney	689,683
Gravity Drainage District #2	340,254
Gueydan Gravity Drainage	523,949
Gueydan Memorial Guest Home	225,548
Isle Maronne	332,917
Louisiana Department of Agriculture	1,643
Louisiana Tax Commission	6,483
7th Ward Fire District	347,480
7th Ward Gravity 2 Maint	687,350
Pecan Island Fire District #16	225,445
Prairie Gregg	783,328
Teche Vermilion Fresh Water District	459,433
Twin Parish Port	194,934
Vermilion Parish Library	1,335,386
Vermilion Parish Police Jury	5,584,555
Vermilion Parish School Board	12,144,104
Vermilion Parish Sheriff's Office	<u>2,805,309</u>
Total	<u>\$29,541,655</u>

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

For the year ended June 30, 2012, the taxes assessed and uncollected were due to delinquent taxes and movable property and the amounts are as follows:

	Unpaid - Delinquent Taxes	Movable Property	Total
Abbeville Harbor & Terminal	\$ 329	\$ 4,071	\$ 4,400
Abrom Kaplan Memorial Hospital	777	9,889	10,666
Assessment District	349	4,217	4,566
Consolidated Gravity Drainage District #1	161	-	161
Coulee Des Jonc Drainage District	5	92	97
Coulee Kinney	41	368	409
Gravity Drainage District #2	47	491	538
Gueydan Sub Drainage District #5	148	126	274
Gueydan Memorial Guest Home	48	41	89
Isle Maronne	-	800	800
7th Ward Fire District	-	24	24
7th Ward Gravity Drainage District 2	78	3,756	3,834
Pecan Island Fire District #16	1,036	12,927	13,963
Prairie Gregg	-	42	42
Teche Vermilion Fresh Water District	203	2,452	2,655
Twin Parish Port	44	-	44
Vermilion Parish Library	590	11,072	11,662
Vermilion Parish Police Jury	2,578	27,796	30,374
Vermilion Parish School Board	5,363	64,802	70,165
Vermilion Parish Sheriff's Office	1,722	14,346	16,068
Total	<u>\$ 13,519</u>	<u>\$ 157,312</u>	<u>\$ 170,831</u>

(13) Occupational Licenses

Collections settled during the year for occupational licenses are as follows:

	Collected	Settled	Unsettled
Vermilion Parish Police Jury	\$ 390,547	\$ 364,741	\$ 25,806
Vermilion Parish Sheriff's Office	68,920	64,366	4,554
Total	<u>\$ 459,467</u>	<u>\$ 429,107</u>	<u>\$ 30,360</u>

(14) On-behalf Payments

The Sheriff has recognized \$567,363 as a revenue and an expenditure for on-behalf salary payments made by the State of Louisiana.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

(15) Expenditures of the Sheriff's Office paid by the Parish Police Jury

The cost of maintaining and operating the Sheriff's buildings, as required by statute, is paid by the Vermilion Parish Police Jury. These expenditures are not included in the accompanying financial statements.

(16) Subsequent Events

The Sheriff evaluated subsequent events through November 30, 2012, the date which the financial statements were available to be issued.

(17) New Accounting Pronouncements

In December 2010, The Governmental Accounting Standards Board (GASB) approved Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. In June 2011, the Governmental Accounting Standards Board (GASB) approved Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position". The statement changes how governments will organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet). Under this standard, financial statements will include deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, and will report net position instead of net assets. The provisions of GASB Nos. 62 and 63 must be implemented by the Sheriff for the year ending June 30, 2013. The effect of implementation on the Sheriff's financial statements has not yet been determined.

**REQUIRED SUPPLEMENTARY
INFORMATION**

VERMILION PARISH SHERIFF
Abbeville, Louisiana

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 2,835,000	\$ 2,850,000	\$ 2,805,308	\$ (44,692)
Intergovernmental revenues -				
Sales tax	5,500,000	5,600,000	5,637,149	37,149
State grants - state revenue sharing (net)	185,000	215,152	215,149	(3)
State supplemental pay	620,000	565,000	567,363	2,363
Law enforcement grant	100,000	95,000	126,090	31,090
Fees, charges, and commissions for services -				
Commissions on licenses, taxes, etc.	56,000	50,000	63,864	13,864
Fines and forfeitures	80,000	67,000	82,629	15,629
Civil and criminal fees	350,000	441,000	419,991	(21,009)
Court costs and attendance	326,000	305,500	182,806	(122,694)
Feeding, keeping, and transporting prisoners	599,000	656,000	770,415	114,415
Other	39,525	99,578	303,821	204,243
Interest income	22,000	14,000	20,810	6,810
Total revenues	<u>10,712,525</u>	<u>10,958,230</u>	<u>11,195,395</u>	<u>237,165</u>
Expenditures:				
Current -				
Public safety:				
Personal services and related benefits	6,533,914	6,074,014	6,137,613	(63,599)
Operating services	1,493,500	1,529,200	1,671,244	(142,044)
Operations and maintenance	1,586,000	1,822,650	1,843,483	(20,833)
Capital outlay	<u>315,000</u>	<u>230,000</u>	<u>207,710</u>	<u>22,290</u>
Total expenditures	<u>9,928,414</u>	<u>9,655,864</u>	<u>9,860,050</u>	<u>(204,186)</u>
Excess of revenues over expenditures	784,111	1,302,366	1,335,345	32,979
Other financing sources(uses):				
Sale of equipment	1,500	16,635	12,626	(4,009)
Acquisition of seized assets	-	-	30,150	30,150
Transfers out	-	-	(60,337)	(60,337)
Total other financing sources(uses)	<u>1,500</u>	<u>16,635</u>	<u>(17,561)</u>	<u>(34,196)</u>
Net change in fund balance	785,611	1,319,001	1,317,784	(1,217)
Fund balance, beginning	<u>10,315,070</u>	<u>10,315,070</u>	<u>10,315,070</u>	-
Fund balance, ending	<u>\$11,100,681</u>	<u>\$11,634,071</u>	<u>\$11,632,854</u>	<u>\$ (1,217)</u>

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2012

(1) Budgets and Budgetary Accounting

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. The chief administrative deputy prepares a proposed budget for the general fund and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
- B. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- C. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- D. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- E. All budgetary appropriations lapse at the end of each fiscal year.
- F. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Sheriff. Such amendments were not material in relation to the original appropriations.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Funding Progress
For the Year Ended June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 01, 2011	-	6,815,793	6,815,793	0.0%	5,254,196	129.7%
July 01, 2009	-	4,829,252	4,829,252	0.0%	5,463,173	88.4%

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Employer Contributions for Other Post Employment Benefit Plan
For the Year Ended June 30, 2012

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2012	\$ 674,447	29.2%
June 30, 2011	\$509,592	28.4%
June 30, 2010	\$496,012	29.2%

**OTHER SUPPLEMENTARY
INFORMATION**

OTHER FINANCIAL INFORMATION

STATE OF LOUISIANA, PARISH OF VERMILION

AFFIDAVIT

The Honorable Michael Couvillion, Sheriff of Vermilion Parish

BEFORE ME, the undersigned authority, personally came and appeared, Michael Couvillion, the Sheriff of Vermilion Parish, State of Louisiana, who after being duly sworn, deposed and said:


The following information is true and correct:

\$1,344,553 is the amount of cash on hand in the tax collector account on June 30, 2012;


He further deposed and said:

All itemized statements of the amount of taxes collected for tax year 2011, by taxing authority, are true and correct.

All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.


Michael Couvillion,
Sheriff of Vermilion Parish

SWORN to and subscribed before me, Notary, this 3 day of December 2012, in my office in Abbeville, Louisiana.


(Signature)
CITARDIAU (Print), # 24160
Notary Public
LOUISIANA (Commission)

AGENCY FUNDS

Civil Fund

To account for funds held in connection with civil suits, sheriff's sales, and garnishments.

Tax Collector Fund

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

Bond Fund

To account for the collection of bonds, fines, and costs and payment of these collections to recipients in accordance with applicable laws.

VERMILION PARISH SHERIFF
Abbeville, Louisiana
Agency Funds

Combining Balance Sheet
June 30, 2012

	<u>Civil Fund</u>	<u>Tax Collector Fund</u>	<u>Bond Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ 59,474	\$ 59,288	\$ 174,805	\$ 293,567
Interest-bearing deposits	<u>-</u>	<u>1,270,981</u>	<u>-</u>	<u>1,270,981</u>
 Total assets	 <u>\$ 59,474</u>	 <u>\$ 1,330,269</u>	 <u>\$ 174,805</u>	 <u>\$ 1,564,548</u>
 LIABILITIES				
Due to taxing bodies and others	<u>\$ 59,474</u>	<u>\$ 1,330,269</u>	<u>\$ 174,805</u>	<u>\$ 1,564,548</u>

VERMILION PARISH SHERIFF
Abbeville, Louisiana
Agency Funds

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2012

	Civil Fund	Tax Collector Fund	Bond Fund	Total
Balances, beginning of year	\$ 71,857	\$1,175,542	\$ 163,978	\$1,411,377
Additions:				
Deposits -				
Sheriff's sales, suits, and seizures	953,168	-	-	953,168
Garnishments	221,605	-	-	221,605
Bonds	-	-	84,858	84,858
Fines, forfeitures and costs	70,475	-	914,810	985,285
Taxes, fees, etc., paid to tax collector	-	31,297,464	-	31,297,464
Interest	271	41,921	287	42,479
Total additions	<u>1,245,519</u>	<u>31,339,385</u>	<u>999,955</u>	<u>33,584,859</u>
Total	<u>1,317,376</u>	<u>32,514,927</u>	<u>1,163,933</u>	<u>34,996,236</u>
Reductions:				
Taxes, fees, etc., distributed to taxing bodies and others	-	21,941,128	-	21,941,128
Deposits settled to -				
State agencies	-	8,074	21,083	29,157
Sheriff's General Fund	318,988	3,092,274	125,143	3,536,405
Clerk of Court	52,738	-	48,646	101,384
Police Jury	-	6,124,117	237,137	6,361,254
District Attorney	-	-	129,217	129,217
Crime lab	-	-	153,987	153,987
Indigent defender board	-	-	125,583	125,583
Litigants, attorneys etc.	539,503	-	56,293	595,796
Other settlements	5,734	-	27,825	33,559
Other reductions	340,939	19,065	64,214	424,218
Total reductions	<u>1,257,902</u>	<u>31,184,658</u>	<u>989,128</u>	<u>33,431,688</u>
Balances, end of year	<u>\$ 59,474</u>	<u>\$1,330,269</u>	<u>\$ 174,805</u>	<u>\$1,564,548</u>

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

C. Burton Kolder, CPA*
 Russell F. Champagne, CPA*
 Victor R. Slaven, CPA*
 P. Troy Courville, CPA*
 Gerald A. Thibodeaux, Jr., CPA*
 Robert S. Carter, CPA*
 Arthur R. Mixon, CPA*

Penny Angelle Scruggins, CPA
 Christine L. Cousin, CPA
 Wanda F. Arcement, CPA, CVA
 Allen J. LaBry, CPA
 Albert R. Leger, CPA, PFS, CSA*
 Marshall W. Guidry, CPA
 Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®
 James R. Roy, CPA
 Robert J. Metz, CPA
 Alan M. Taylor, CPA
 Kelly M. Doucet, CPA
 Cheryl L. Bartley, CPA
 Mandy B. Self, CPA
 Paul L. Delcambre, Jr., CPA
 Kristin B. Dauzat, CPA
 Matthew E. Margaglio, CPA
 Jane R. Hebert, CPA
 Bryan K. Joubert, CPA
 Stephen J. Anderson, CPA

Retired:
 Conrad O. Chapman, CPA* 2005
 Tynes E. Mixon, Jr., CPA 2011

* A Professional Accounting Corporation

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

183 South Beadie Rd.
 Lafayette, LA 70508
 Phone (337) 232-4141
 Fax (337) 232-8660

450 East Main Street
 New Iberia, LA 70560
 Phone (337) 367-9204
 Fax (337) 367-9208

113 East Bridge St.
 Breaux Bridge, LA 70517
 Phone (337) 332-4020
 Fax (337) 332-2667

200 South Main Street
 Abbeville, LA 70510
 Phone (337) 893-7944
 Fax (337) 893-7946

1234 David Dr. Ste 203
 Morgan City, LA 70380
 Phone (985) 384-2020
 Fax (985) 384-3020

1013 Main Street
 Franklin, LA 70538
 Phone (337) 828-0272
 Fax (337) 828-0290

408 West Cotton Street
 Ville Platte, LA 70586
 Phone (337) 363-2792
 Fax (337) 363-3049

133 East Waddil St.
 Marksville, LA 71351
 Phone (318) 253-9252
 Fax (318) 253-8681

332 West Sixth Avenue
 Oberlin, LA 70655
 Phone (337) 639-4737
 Fax (337) 639-4568

621 Main Street
 Pineville, LA 71360
 Phone (318) 442-4421
 Fax (318) 442-9833

WEB SITE
WWW.KCSRCPAS.COM

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Michael Couvillion
 Vermilion Parish Sheriff
 Vermilion, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Vermilion Parish Sheriff (the Sheriff) as of and for the year ended June 30, 2012, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Sheriff is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial

reporting, which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 12-1 and 12-2 that we consider to be significant deficiencies in internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Sheriff's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. We did not audit the Sheriff's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
November 30, 2012

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2012

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

12-1 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Sheriff did not have adequate segregation of functions within the accounting system.

CRITERIA: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU§314.43 defines internal control as follows:

"Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT§501.03 states:

"An entity's internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both."

CAUSE: The cause of the condition is the fact that the Sheriff does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (continued)
Year Ended June 30, 2012

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Sheriff determined that it is not cost effective to achieve complete segregation of duties within the accounting department. As such, management has determined that no plan is considered necessary.

12-2 Application of Generally Accepted Accounting Principles (GAAP)
(Qualifications and Training)

Fiscal year finding initially occurred: Unknown

CONDITION: The Sheriff does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

CRITERIA: SAS 115, *Communicating Internal Control Related Matters Identified in an Audit*, AU§325.05, states, in pertinent part:

"A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A deficiency in design exists when:

- A control necessary to meet the control objectives is missing, or
- An existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.

A deficiency in operation exists when:

- The person performing the control does not possess the necessary authority or competence to perform the control effectively."

Furthermore, AU §325.29 identifies the following as a deficiency in the design of (internal) controls:

"Employees or management who lack the qualifications and training to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements."

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (continued)
Year Ended June 30, 2012

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Sheriff has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Sheriff to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (continued)
Year Ended June 30, 2012

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

11-1 Inadequate Segregation of duties

CONDITION The Sheriff did not have adequate segregation of duties within the accounting function.

RECOMMENDATION: Based upon the cost-benefit of additional personnel, it would not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved. See item 12-1.

11-2 Application of Generally Accepted Accounting Principles (GAAP) (Qualifications and Training)

CONDITION: The Sheriff does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 12-2.